

Audit's NEWS ANALYSIS OF SECURITIES OF REAL ESTATE INVESTMENT TRUSTS

Realty Trust Review

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VOL. III, No. 23

EQUITY TRUST ISSUE--VALUE GUIDE TO TRUSTS REVIEWED								
Trust	Price	Yield	Page	Trust	Price	Yield	Page	
Amer. Rlty.	\$ 9.88	8.2%	3	First Fid. Inv.	\$ 7.75	7.7%	5	
Arlen Prop.	15.50	10.8	3	General Grow.	23.50	3.4	6	
Builders Inv.	27.63	9.1	3	Gould Inv. Tr.	8.50	9.4	7	
C.I. Rlty Gr.	20.75	6.9	4	GIT Rlty. & Mtg.	10.38	11.6	7	
Citizens Grow.	15.38	9.4	4	GREIT Rlty. Tr.	18.00	8.9	7	
Cont. Ill. Pro.	20.38	6.5	5	Penn. REIT	12.63	7.1	8	
Denver REIA	8.75	6.9	5	REIT of Amer.	18.13	7.7	8	

EQUITY TRUSTS: MORE THAN ONE WAY TO SATISFY THE THIRST FOR OWNERSHIP

The equity trusts are by far the most difficult group of REITs for investors to understand because many of them are doing things their managers and trustees have never done before. To bring this trend into focus, we have expanded this opening group review and limited coverage to 14 equity trusts; remaining issues including some familiar names like U.S. Realty & Hubbard Real Estate, will be reviewed next issue.

Many trust managers are launching into new waters because several trends are forcing them to be aggressive equity buyers. Equities, on paper, are supposed to provide maximum protection against inflation. But the realty syndications and life insurance companies have also caught the scent and produced intense competition for equities. Thus return to equity buyers has fallen below returns to mortgage lenders, an almost unprecedented reversal of traditional yield patterns. We hear of deals going for 5.5% to 7.1% cash-on-cash (i.e., net cash flow on hard dollar investment) vs. 8½% mortgage yields.

Many older trusts like GREIT and Pennsylvania have beefed up staffs and are negotiating to buy completed buildings, the traditional "retail" approach. New trusts like C.I. Realty are following this pattern. But many older trusts and most newer equity trusts are aggressively trying to buy their properties at some sort of "wholesale" price. Some are making development or construction loans that convert into all or part of equity when a building is completed and cash flow proven. Others like Pennsylvania are buying raw land and contracting and/or joint venturing with builders for construction of projects. In so doing the trusts are moving from purchase of proven cash flow to purchase of futures. And futures can be tricky, so the real question is how much downside protection the trusts build into their deals. Continental Illinois Properties, for instance, has guarantees and (cont.)

SUBSCRIBERS QUESTIONS ON USF INVESTORS ANSWERED

Some of the adverse publicity of *USF Investors'* sponsor, US Financial, has rubbed off on the trust. US Financial was hit by an SEC enforced earnings restatement and the subsequent resignation of its chairman. It does not appear these events will greatly affect the sponsor. Secondly, the trust's direct reliance on the sponsor has diminished and indirect relations are far from crucial. Less than 2% of USF Investors' portfolio represents loans bought from the sponsor, none since Oct. 1971. On Sept. 30, 25% of commitments were in some way related to the sponsor or partners. This looks like a continuing source while the trust maintains independent capabilities. The shares however may remain under selling pressure, providing some buying opportunities.

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options to withdraw from some apartment purchases. Others convert a secured convertible loan only when operating cash flow is proven.

All this is not to say that either or both paths are right or wrong. In the end both ways may be right or wrong. In the past we have preferred the pure developmental trust, the trust with in-house full-line development and construction capability. This is the only way to get "wholesale" prices without risking "letting George do it." Our premier choice in this area continues to be General Growth Properties, a richly appraised investment builder operating as a trust. Continental Illinois Properties is an aggressive joint venture trust with big-name lustre; C.I. Realty is buying proven properties where high returns may be years in the future. Pennsylvania and GREIT are in new areas. In describing equity trusts, we've tried to indicate the general character of holdings because we believe it is vital for appraisal.

A real estate portfolio has a character and life and yield pattern all its own. Each building in real estate is unique: it has what real estate men call "location." It may have high visibility as a landmark or may derive fame from its builder. Or it may be just a face in the crowd of countless nondescript buildings. Real estate equity portfolios have a pecking order something like this:

1. Urban complexes or megastructures. These combine offices, shopping plazas, hotels and other facilities to create one-stop downtowns; they are the future of urban building.

2. Office buildings. New high-rise office buildings in center city are prime, nearly all leased to major corporate tenants, but can carry risk when a prestige area gets overbuilt. Manhattan is a current example. Older center-city office buildings can be riskier if obsolescence strikes either the structure (elevators, air conditioning, etc.) or the location (opening of a nearby office complex, etc.) Suburban office buildings generally have a life cycle, leasing pattern and occupancy pattern that is unique to their area.

3. Shopping centers and retail buildings. The giant enclosed regional mall centers, from 400,000 to 1,500,000 sf in size and with from one to four national retailers as anchor tenants, are the jewels of this group, but they are also relatively rare. A good major center can dominate a metropolitan shopping area. Developers compete for the "name" of major retail tenants and in many instances the retailer buys (or leases at low rates) its own structure in the center, thereby assuring a drawing card which makes surrounding shops attractive. Smaller neighborhood or community centers from 100,000 to 400,000 sf generally are not malled but are strip centers (i.e., shops are lined up in a row). These centers can be hurt if a regional mall opens; in smaller towns they can dominate shopping for years. Free-standing commercial buildings, most along suburban expressways and highways, have lower rent structures and generally are occupied by discount stores, supermarkets, or smaller businesses.

4. Apartments. Apartments can range from downtown, high-rise luxury buildings to small, garden-type apartments in the suburbs. Luxury high-rises are generally leased on 1-3 year terms in major metropolitan areas, and once rented provide stable income. Suburban projects are not leased in many locations, especially southern California. They can be vulnerable to local plant closings, etc. Project under 100 units are generally not economic for efficient management and large ownership today.

5. Special purpose properties. Hotels, motels, warehouses and industrial buildings, bowling alleys, restaurants, hospitals, churches, auditoriums all have special characteristics which require either special management expertise or effort. Returns generally are higher but carry higher risk, too.

AMERICAN REALTY TRUST (ASE-ARB)

Equity trust.

FY ends Sept.30

RANKING (Data as of 9/72)

	Assets	Equity	Port.Yield	Capital Ret.
Rank	91	87	NR	NR
Amt. \$38.2M	\$16.1M		11.67%	7.8%

Portfolio dynamics: Trust is putting more stress on development of properties vs. purchase, accenting motel-hotel properties. The trust is building a 228-unit Hospitality House in Williamsburg, Va. which is to be

completed in early 1973. (Trust already has a 258-unit Hospitality House in Arlington, Va.) The trust plans 5 more inns, in Lexington, Ky., Atlanta, Ga.; 3 in Williamsburg, Va., for a gross investment of \$46M. An apartment complex of 146 garden units is under-way in Williamsburg, Va. A 50-50 joint venture with Harry Helmsley will develop a six-acre site in Atlanta eventually containing a hotel, shopping mall, office and apartment complex. ARB is also seeking purchase of Imperial 400, a hotel-motel operator, in receivership since 1966. A court decision is awaited. Financing: Trust capitalized at \$19.1M, \$16.1M equity w. 2.1M sh. and \$3.0M 7% convt. subor. debent. Debt amounts to \$17.7M. Trust is negotiating for a financing. Management: Trust is self-administered and has a staff of 5 people. Property expenses (excl. depreciation) were 21.3% of rental income during fiscal '72 while administrative expenses were 3.2%. Six month outlook: Shares have speculative long-term appeal depending upon success as a developer. (VCK)

ARLEN PROPERTY INVESTORS (OTC-ARLNS)

Equity trust.

FY ends Mar. 31

RANKING (Data as of 9/72)

	Assets	Equity	Port.Yield	Capital Ret.
Rank	104	89	11	39
Amt. \$28.5M	\$15.2M		14.48%	11.0%

Portfolio dynamics: Trust's portfolio of real estate amounts to \$21.4M with \$6.7M in land. Holdings also include \$1.3M in first mtg. constr. loans and \$5.5M in other mtg. Land held by trust is 281 acres shop-

ping center space is 1.8M s.f. and total rental apartments 2,049 units. Trust is participating with New York and Miami banks in making constr. loans to Aventura, an Arlen Realty development located in North Miami, Fla. Financing: Capital amounts to \$15.2M, all equity w. 1.01M shares. Debt comes to \$13.0M consisting of \$4.4M notes payable, \$5.7M mtg. payable, \$2.9M notes payable to banks. Management: Trust is administered by 8 trustees, three of whom are executives of Arlen Realty & Development Corp., the sponsor of the trust. Arlen is the largest U.S. realty Corp. w. \$1.6 Bil. in properties. Property expenses (excl. depreciation) were 35.8% of rental income at Sept. 30 while administrative expenses were 4.4% of rental income during this period. Six month outlook: In the past nine months, earnings on a cash flow basis have increased 20%. A good portfolio yield and high return on capital add to investment appeal. Dealings with affiliates of the sponsor may indicate a weakness to originate investments from outsiders. Trust shares are a speculative long-term capital appreciation candidate. (VCK)

BUILDERS INVESTMENT GROUP (OTC-BULDS)

Equity and mtg. combination. FY ends Sept.30

RANKING (Data as of 9/72)

	Assets	Equity	Port.Yield	Capital Ret.
Rank	23	26	20	42
Amt. \$144.7M	\$58.3M		12.57%	10.7%

Portfolio dynamics: Trust portfolio of \$125.3M is presently 68% constr., 19% devel., 6% other short-term loans, 5% ownerships interests, 2% land loans. By type of projects the portfolio is 42% multi-family re-

sidential, 36% commercial loans, 11% single-family residential, 5% ownership, 4% recreational, retirement second home loans, 2% land loans. Investments are located in 28 states, Puerto Rico and Canada. Composition of the portfolio will remain unchanged in the next 6 months. Financing: Capital of the trust amounts to \$58.3M all equity w. 2.48M shares. Debt of \$85.6M consists of \$47.3M bank borrowings, \$34.0M commercial paper, & \$4.3M mtg. notes. Trust recently completed a \$10M Eurodollar financing. There is a possibility of a public financing in the next six months. Management: Housing Securities, Inc., subsidiary of Valley Forge Corp., realty development

and home manufacturing company which in turn is a subsidiary of Certain-teed Products Corp., manufacturer of roofing, sewer pipe, carpeting and other building materials. BIG derives its name from the fact a group of large homebuilders have given the trust first call on equity investments they generate. Expenses were 2.53% of average portfolio in the latest two quarters. Six month outlook: Although conceived as an equity trust, BIG's present portfolio and its operations are those of the emerging Equity & Mortgage Combination trust group (see RTR, Aug. 14). We will review BIG in this category in the future. The shares are longer-term capital gains candidates based on the ability to generate higher-yielding equity holdings. (VCK)

C.I. REALTY INVESTORS (OTC-CIRLS)

Equity trust. FY ends Feb. 28/29
RANKING (Data as of 8/72)

	Assets	Equity	Port.Yield	Capital Ret.
Rank	22	25	21	99
Amt. \$146.3M	\$60.6M		12.52%	6.7%

Portfolio dynamics: Since its April 13, 1972 initial offering C.I. Realty has moved swiftly to invest the \$60.6M net proceeds. A package of 6,546 apartments in 11 states was bought from officers of Multicon, Inc., Columbus, O. apartment developer now 80% owned by Bethlehem Steel. The trust has agreed to buy a 50% interest in garden apartments in Raleigh, N.C., Islip, N.Y. and Randolph Twp., N.J. Two New York City office buildings are to be purchased from the estate of Percy Uris, late chairman of Uris Buildings, with financing partially to come from a \$25M, five-year term loan from First National City Bank of N.Y. At August the trust held \$19.9M of temporary mortgage loans pending completion of the property purchases. Financing: Capital amounts to \$60.6M, all equity, with 2.61M shares. Debt of \$82.3M is primarily \$74.1M mortgages on property holdings and \$8.2M in bank loans. Management: C.I. Planning Corporation, a subsidiary of City Investing Co., which also advises C.I. Mortgage Group, a short-term mtg. trust. Property expenses (excl. depreciation) were 42.2% of rental income in the August quarter and administrative expenses were 2.4% of rental income in that period. Six month outlook: In its short existence the trust has moved quickly to invest funds. Trust has recently added to its personnel which should aid origination capabilities. Trust will not engage in self-dealing with City Investing but sponsor's real estate know-how and financial muscle add to potentials. Trust shares represent a solid long-term capital appreciation candidate. (VCK)

CITIZENS GROWTH PROPERTIES (OTC-CITGS)

Equity trust. FY ends Jan. 31
RANKING (Data as of 7/72)

	Assets	Equity	Port.Yield	Capital Ret.
Rank	103	91	83	67
Amt. \$29.8M	\$15.0M		10.44%	8.7%

Portfolio dynamics: Following the January '72 initial offering Citizens Growth has invested \$28.3M, now divided 45% equity in property and 55% in first mtg. loans. Initial equity holdings were 124 townhouses in Spartanburg, S.C.; a 275T sf office center in Oklahoma City, and three Cleveland warehouses with 310T sf, plus adjoining land. Three equity investments will be added soon: a 156T sf shopping center in San Diego which the trust will own upon completion; the land beneath a medical office building in Columbus, O.; and development funds for a warehouse in Columbus. Financing: Trust capital is \$15.0M, all equity in 811T shares. Debt amounts to \$14.6M with \$8.6M mtg. on property and \$6.0M bank loans. Management: Citizens Advisory Corp., wholly owned subsidiary of Citizens Financial Corp. Another subsidiary of Citizens Financial acts as advisor to National Mortgage Fund, a short-term mtg. trust. Property expenses (excl. depreciation) were 24.2% of rental income and administrative expenses were 5.8% of rental income. Six month outlook: Citizens has chosen to buy ownership in structures under construction either through provision of development funds or agreement to purchase upon completion. Since many properties have short operating records or are not yet built, current results reflect primarily loan investments. Now priced below book value, the shares are a speculative holding based on success of the investment program. (VCK)

CONTINENTAL ILLINOIS PROPERTIES (OTC-CILLS)

Equity Trust.

FY ends Oct. 31

RANKING (Data as of 7/72)

	Assets	Equity	Port.Yield	Capital Ret.
Rank	7	3	107	108
Amt. \$219.0M	\$114.2M		9.15%	5.6%

Portfolio dynamics: Trust is undertaking a joint venture program with developers. Two shopping centers located in southern California have been bought. One is the Carson Mall Regional Shopping Center, to be opened in the fall of 1973. Trust will share ownership with Sears Roebuck, Broadway and J.C. Penney. The other center is the Woodland Hills Promenade to be completed in the late summer of 1973. Robinsons, Saks Fifth Avenue and Bullocks-Wilshire will be anchor tenants. Trust anticipates that it will be fully invested in real estate properties during the first part of 1973. Following its initial offering in November, 1972, CIP purchased 15 apartments w. 4,300 units from major builders, including Leadership Housing and Klingbiel Co. CIP generally took title to the properties in exchange for notes to the sellers, with the notes cancellable if the projects are not built or if rent-up minimums are not met within stipulated periods after completion. Most units will be complete by the end of 1973. Financing: Capital is \$114.2M, all equity w. 4.81M shares. Debt totals \$101.8M with \$94.3M in long term notes from property sellers and \$7.5M in short term notes. Management: Continental Illinois Properties Advisors, wholly-owned sub. of Continental Illinois Realty Advisors, adviser to Continental Illinois Realty, a short term mtg. trust. Parent Continental Illinois Corp. is a one bank holding company whose subsidiary of the same name is the eighth largest U.S commercial bank. Property expenses (excl. depreciation) were 24.9% of rental income in latest quarter and administrative expenses were 10.7% of rental income. Six month outlook: The limited operating experience of trust properties means the projections under which the trust bought its properties must still be tested. Joint venturing with major retailers and the trust's strong sponsorship are positives. Shares have longer-term speculative possibilities. (VCK)

DENVER REAL ESTATE INVESTMENT ASSOCIATION (OTC-DENVS)

Equity Trust.

FY ends Dec. 31

RANKING (Data as of 9/72)

	Assets	Equity	Port.Yield	Capital Ret.
Rank	101	103	41	62
Amt. \$31.7M	\$10.5M		11.57%	9.4%

Portfolio dynamics: In late May, the 400 room Stouffer Motor Hotel at the entrance of Stapleton Airport in Denver was completed. The trust holds a 25-year lease plus overage on gross sales. This property represents largest single new holding of the trust. Other holdings are 12 apartment buildings, (w. 861 units), 6 office buildings, 3 shopping centers, 6 industrial and commercial buildings. Except for 2 Texas investments, all properties are located in Colorado. Properties have a cost of \$30.4M. Financing: Trust is capitalized at \$10.5M, all equity w. 1.09M sh. Debt amounts to \$20.4M with \$14.3M in mtg. notes, \$5.9M of 8 1/4% debent., \$0.2T bank notes payable. Management: Van Schaack & Co. manages all the properties of the trust with the exception of the Texas holdings. Property expenses (excl. depreciation) were 36.5% of rental income in the Sept. '72 quarter and administrative expenses were 5.6% of rental income in that period. Trust is self administered. Six month outlook: Trust yield edging upward again after falling in the past 2 years. This coupled with moderate growth in portfolio should produce gains in earnings and dividends. Shares are a good long term holding for income (6.9%) and regional representation. (VCK)

FIRST FIDELITY INVESTMENT TRUST (OTC-FFITS)

Equity trust.

FY ends Nov. 31

RANKING (Data as of 1/72)

	Assets	Equity	Port.Yield	Capital Ret.
Rank	112	102	24	118
Amt. \$23.5M	\$11.1M		12.10%	0.0%

Portfolio dynamics: The \$6.8M proceeds from a public offering in Nov., 1971 were reported to have been invested effective Oct. 1, 1972. The last funds were invested only recently. Earlier, \$2.4M were invested as follows:

\$1.1M for a 292T sf shopping center in Rocky Mount, N.C., \$0.5M for a 116T sf shopping center in Topeka, Kan., \$0.8M to retire a mortgage of a Rodeway Inn and \$0.6M to invest in an industrial complex in Buena Park, Calif. It is believed the shopping center investments will return 11% gross in cash flow. The elimination of the mortgage on the Rodeway Inn should mean 13% return on investment. Cash flow was negative in the six months ended July. Two problem areas overcame the \$141T profit from continuing operations. Two apartment complexes were below breakeven. They were sold in June on a 10-year payout. The annual payout exceeds FFITS' mortgage requirement which will result in positive cash flow. The second problem was unprofitable partnership, Six Oaks, six shopping centers in Michigan. Improvement should come as rentals develop after construction delays hurt last year. Recent property breakdown was 54% shopping centers, 24% office buildings, 18% industrial and 4% motel. Management: Latest annual expenses were 28.4% operating and 4.1% administrative. Six month outlook: Cash flow is likely to turn positive this fiscal year. Shares have recovery potential selling below book but would be of interest only to insiders given management's uncommunicativeness.(BS)

GENERAL GROWTH PROPERTIES (OTC-GGRW)

Equity trust (developmental). FY ends Sept.30

RANKING (Data as of 9/72)

	Assets	Equity	Port.Yield	Capital Ret.
Rank	25	74	94	9
Amt. \$143.8M	\$20.9M		9.92%	14.08%

Portfolio dynamics: One of the most aggressive trusts, General Growth buys raw land and develops it into completed income properties through an associated development company with general contracting ability. All prop-

erties are held for long-term investment. General Growth began as the shopping center developing subsidiary of Younker Bros., Des Moines retailer, and switched to trust format in September 1970. Development has been concentrated on shopping centers in the Midwest, although recent purchases have added apartments. At Sept. 30 property holdings of \$140.1M before \$8.9M accumulated depreciation were 58% shopping centers, 22% apartments, 13% motels and 7% office or commercial buildings. A total 14 centers are completed and a 15th opens early in 1973, bringing total space to 3.5M sf. Largest is the 520T sf College Square enclosed mall in Cedar Falls, Iowa, the smallest an 83T sf convenience center in Detroit. Sears, Roebuck has stores in 6 centers, Younkers in five. Six new centers under development will add 1.8M sf to holdings; three are enclosed mall centers with Montgomery Ward & Younkers as anchor tenants. The 25 apartment projects with 5,453 units are all garden-type except for one high rise in Detroit: 1,600 units are in Houston and 3,400 units in the Detroit area, acquired from Practical Home Builders for cash in a recent acquisition. GGP also bought eight commercial developments and undeveloped land from Practical. Three apartments with 682 units are being completed. The 12 motel units are all Holiday Inn motels with 1,602 rooms. Financing: Capital of \$31.2M is \$20.9M equity (w. 5.03M sh.) and \$10.3M of debts convertible at \$16. Debt of \$107.9M is \$63.7 mortgage debt on properties, \$37.3M construction loans, and the remainder commercial paper and bank borrowings. A 975,000 sh. offering (525T sh. by the trust, the remainder by selling shareholders) is expected the week of Dec. 18. Management: General Growth Development Corp. develops properties for the trust under contract calling for the trust to pay 10% of construction cost to Development, which pays all architectural, engineering, construction supervision and initial leasing costs. General Management Corp. manages most properties and is investment adviser to the trust. Both companies are owned by the families of Martin and Matthew Bucksbaum, brothers, who also will own about 18% of outstanding trust shares after the offering. Rental expenses (excl. deprec. and interest) were 25.6% of rental income in fiscal 1972 and administrative expenses 1.3%. Six month outlook: The extremely rapid growth rate and high quality of holdings has combined to give GGP a multiple in line with only two other investment builders, Rouse Co. and Koger Properties. Management is exceptionally skillful. Planned listing of shares on the NYSE (which would require the Bucksbaums to resign as trustees) should add to market visibility. The planned offering could restrict share results for a short time. Expected growth should compensate for the skimpy 3.3% dividend and the quality shares are a higher risk quality speculation for aggressive capital gains accounts. (KDC)

GOULD INVESTORS TRUST (OTC-GOULS)

Equity trust.

FY ends Sept.30

RANKING (Data as of 9/72)

	Assets	Equity	Port.Yield	Capital Ret.
Rank	95	111	NR	NR
Amt.	\$34.5M	\$9.1M	--	--

Portfolio dynamics: Formerly a New York realty company known as Gould Enterprises, Gould converted to trust format in July 1970. Since then the portfolio has been changed and up-graded, although the basic holdings

were maintained. Largest holdings are the 220T sf office building at 370 Lexington Ave., New York, and nine smaller shopping centers in Pottsville, Dinmore, and Reading, Pa.; Port Huron, Grand Rapids, East Lansing, Wyoming, and Warren, Mich., and Murfreesboro, Tenn. In July the Cobb County Villa Apartments in Atlanta were re-financed, yielding \$330,000 cash to the trust. They were then sold in December. During 1972 two industrial buildings in Orlando, Fla. and land beneath two luxury apartments in Boca Raton, Fla. were bought. Sales of several smaller parcels brought capital losses of \$22,000 in the nine months through June. Financing: Capital of \$8.9M is all equity with 1.15M shares. Mortgage debt at 9/72 was \$21.5M. Management: Technical Management Corp., owned by some trustees, is adviser. Expenses for FY 1972 have not yet been reported. Six month outlook: Net cash flow after mortgage amortization declined slightly in the nine months through June, but was slightly higher at \$0.60 vs. \$0.58/sh. on fewer shares outstanding. Although selling near book value to yield 9.5%, the small float limits investment appeal. (KDC)

GIT REALTY & MORTGAGE INVESTORS (OTC-GRDCS)

Equity & Mtg. Combination. FY ends Mar. 31

RANKING (Data as of 9/72)

	Assets	Equity	Port.Yield	Capital Ret.
Rank	94	100	22	11
Amt.	\$35.6M	\$11.8M	12.46%	13.86%

Portfolio dynamics: Formerly Goodrich Investors Group, GIT has \$32.6M invested before accumulated depreciation of \$0.7M. Holdings are 63% mortgages (primarily constr. loans) and 37% equity investments. Equity

holdings are 22% land, 60% buildings (some on leased land) primarily department stores purchased from Interstate Dept. Stores. The trust has agreed to acquire an additional 60T sf shopping center property in Long Beach, Calif. from a joint venture in which an officer/trustee has a 35% interest. One loan of \$1.28M is now in default and annual rents of \$160T have been assigned to the trust; the rents are guaranteed by lease insurance. Financing: Capital is \$11.8M, all equity w. 1.24M sh. Debt of \$23.4M is \$9.9M mortgages on properties and \$13.45M bank loans at ½% over prime rate. Bank lines are \$23.2M. An offering of about 250T sh. is expected, with the trust offering about 100T sh. and shareholders the remainder. Leverage ratio is 1.98-1. Management: GIT Management Services, about 70% owned by trustees and officers. Principal officers Richard Cohen and Stanley Kreitman have been real estate developers nationally for several years. Six month outlook: Management is experienced and its contacts in real estate provide the bulk of business. Transactions with a principal officer/trustee noted when the trust was started have declined. The shares yield 12.0% and are a speculative holding pending the prospective offering. (KDC)

GREIT REALTY TRUST (ASE-GRT)

Equity trust.

FY ends Oct. 31

RANKING (Data as of 10/72)

	Assets	Equity	Port.Yield	Capital Ret.
Rank	69	92	NR	NR
Amt.	\$55.0M	\$14.9M	NA	NA

Portfolio dynamics: Organized as Greenfield REIT in 1960, GREIT's portfolio remained relatively static until 1969 when an expansion of holdings was undertaken. Proceeds of a July 1971 offering of \$8.75M were used to purchase 11 garden apartment projects in Houston with 1,514 units and three projects with 585 units in the Philadelphia-Wilmington, Del. area. During 1972 the trust invested \$1.16M in a limited partnership interest in a 280-unit garden apartment in Jacksonville, Fla. and \$1.8M in three commercial properties in Dayton, O. The trust has agreed to lend \$1.6M to developers of a 600T sf enclosed mall center in Vineland, N.J., with loans con-

chase 11 garden apartment projects in Houston with 1,514 units and three projects with 585 units in the Philadelphia-Wilmington, Del. area. During 1972 the trust invested \$1.16M in a limited partnership interest in a 280-unit garden apartment in Jacksonville, Fla. and \$1.8M in three commercial properties in Dayton, O. The trust has agreed to lend \$1.6M to developers of a 600T sf enclosed mall center in Vineland, N.J., with loans con-

vertible into part of the center's equity when completed. Major holdings are Hillside Shopping Center of 475T sf in Hillside, Ill., Northside Center of 560T sf in Miami (acquired in 1962 and 1966 respectively) and the 294T sf Franklin Simon Bldg. in New York. Financing: Capital of \$14.9M is all equity w. 998T sh. Debt of \$33M is \$28M mortgages and the remainder bank loans. Management: Remico, Inc. the adviser, was created in conjunction with the 1971 offering to expand GREIT's holdings more aggressively. Warrants to buy 199,500 sh. of Remico at \$1 were sold in the 1971 offering, representing 92% of Remico ownership. The warrants are not transferable until Mar. '1, 1973 and are exercisable during September 1974. Six month outlook: The shares yielding 8.9% have longer-term capital appreciation potential. (KDC)

PENNSYLVANIA REAL ESTATE INVESTMENT TRUST (ASE-PEI)

Equity trust. FY ends Aug. 31

RANKING (Data as of 8/72)

	Assets	Equity	Port.Yield	Capital Ret.
Rank	64	99	13	4
Amt. \$62.5M	\$11.9M		13.49%	17.6%

Portfolio dynamics: PEI has begun aggressive expansion of holdings via joint ventures and development of vacant land. In FY 1972 trust completed developing 160-unit first phase of Lake-wood Hills Apartments near Harrisburg,

Pa. and began building 140 additional units. Through joint ventures PEI has bought 50% of 286T sf Downtown Mall in Tupelo, Miss., opened in FY 1972, and in Palmer Park Mall, in Easton, Pa., where partner Hess's Dept. Store opened a 102T sf store in August. Other joint ventures include two shopping centers planned or under construction with Freedman & Co. in Rio Grande (near Cape May) and Rancocas, N.J., and four centers in 100T-200T sf range planned for Ephrata, Elizabethtown, Waynesburg and Lancaster County, Pa. with Landmark Investors, Inc. Financing: Capital of \$17.9M incl. \$11.9M equity w. 1.24M sh. and \$6.0M of debents. convert. at \$14.00 and \$14.25. Mortgage debt totals \$37.0M. Management: Trust is self-administered. Property expenses (excl. depreciation) were 34.4% of rental income in FY 1972 and administrative expenses were 3.2% of rental income. Six month outlook: Recent projects indicate five-year growth rates (9.8% annually in gross property, 11.5% in net income) likely will be sustained. Dividends, which were 14% tax free as return of capital last year, have been increased last two years and are candidates for further increases. Shares have 7.5% yield with longer-term gains potential. (KDC)

REAL ESTATE INVESTMENT TRUST OF AMERICA (ASE-REI)

Equity trust. FY ends Nov. 30

RANKING (Data as of 8/72)

	Assets	Equity	Port.Yield	Capital Ret.
Rank	89	49	27	106
Amt. \$42.9M	\$33.1M		11.98%	5.7%

Portfolio dynamics: Trust portfolio of \$51.3M is invested 37% shopping centers, 14% other retail, 24% office buildings, 17% industrial & misc., 8% land for development. Some 41% of investments are located in California,

about 18-19% in Mass. with the remainder in 9 other states and Wash. D.C. During the year the trust sold two small properties in Wash. D.C. and L.A. due to threat of condemnation. Due to a tenant bankruptcy, a property in Boston was sold resulting in a loss of \$533T. Trust's sale of other properties however will bring a small capital gain in fiscal 1972. The Walnut Creek (Cal.) Shopping Center, which has been hurt due to competition, is to be upgraded with the construction of a Bullock's Department Store. Finalization of this negotiation should occur by year end. The Country Club Shopping Center in Sacramento is now under new mgmt. & studies are being made to strengthen its position. Financing: Trust capitalized at \$33.1M all equity w. 1.57M shares. Debt amounts to \$7.9M, all mtg. notes. Management: Trust is self-administered with Minot, DeBlois & Maddison, Inc. being the property manager. Property expenses (excl. depreciation) were 43.6% of rental income in the August quarter while administrative expenses were 5.6% of rental income during that time. Six month outlook: The upgrading of two shopping centers, hopefully to improve their competitiveness, might crimp near-term results but has positive longer-term implications. The shares are a longer-term holding for moderate gains plus income. (VCK)